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FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9380
INFO RUEHKA/AMEMBASSY DHAKA IMMEDIATE 9031
RUEHIL/AMEMBASSY ISLAMABAD IMMEDIATE 1957
RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 8883
RUEHLM/AMEMBASSY COLOMBO IMMEDIATE 3993
RUEHLO/AMEMBASSY LONDON IMMEDIATE 3416
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 3725
RUEKJCS/SECDEF WASHDC IMMEDIATE
RUEAIIA/CIA WASHDC IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE
RHEFDIA/DIA WASHDC IMMEDIATE
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SUBJECT: NEPAL: 2005 COUNTRY REPORTS ON TERRORISM

REF: STATE 193439

UPDATED REPORT

1. (U) Nepal

In April, 2003, Nepal signed an agreement with the U.S. Government establishing an antiterrorism assistance program. The Government of Nepal continued its strong support of the global coalition against terrorism in 2005, and was responsive to both US and multilateral efforts to police international terrorism. On January 31, Nepal passed the Bank and Financial Institutions Ordinance, which regulates the actions of financial institutions in Nepal and provides the Central Bank with authority to freeze and confiscate the accounts of terrorists. Nepal has diplomatic relations with North Korea and North Korea has an Embassy, headed by an Ambassador, in Nepal. Nepal's primary focus, however, remained the Maoist insurgency, active in Nepal since February 1996. There are credible reports that Maoist leaders and cadre cross into India to evade capture or to seek rest or medical assistance.

After unilaterally withdrawing from a seven-month cease-fire in August, 2003, the Maoists resumed full-scale hostilities. In 2005 alone, Maoists have been responsible for the deaths of at least 263 civilians and 330 government security forces.

The Government says that Nepalese security forces have arrested thousands of suspected Maoists and killed more than 1009 during the year. In the worst civilian casualty since the beginning of the insurgency, on June 6, the Maoists ambushed a passenger bus, killing 41 people and injuring 71 in a landmine blast near Chitwan in southern Nepal. The Maoists imposed two nation-wide blockades, February 12-26 and April 2-12, shutting down traffic and commerce throughout most of Nepal. During the February blockade, the Maoists targeted civilian drivers of vehicles who dared to defy the blockade and shot and killed an Indian truck driver. During the Maoists' unilateral three-month cease-fire (September 3-December 3), killings decreased, but other violence and threats of violence, including kidnappings and extortion, continued.

Repeated anti-US rhetoric suggests the Maoists view U.S. support for the Government as a key obstacle to their goal of establishing a communist dictatorship. Maoist supreme commander Prachanda issued a press statement with his Indian counterpart on September 1 calling for continued armed struggle and directly threatening U.S. interests.

In addition to threats against American-affiliated business enterprises, Maoists have threatened attacks against U.S. and international NGOs, including those associated with Peace Corps programs. In September 2004, Maoists attacked an American NGO worker in midwestern Nepal. They continued to extort money from Nepalis and foreigners, including American tourists, to raise funds for their insurgency. The Maoists' public statements have criticized the United States, the United Kingdom, and India for providing security assistance to Nepal. In September 2004, Maoists bombed the American Center in Kathmandu. The attack occurred during non-duty hours and there were no injuries, but the blast damaged the facility.

Security remains weak at many public facilities, including Tribhuvan International Airport in Kathmandu. The United States and others are actively working with the Government to improve this situation, but limited Government finances, weak border controls, and poor security infrastructure could make Nepal a convenient logistic and transit point for some outside militants and international terrorists.

Nepal is party to five of the 12 international conventions and protocols relating to terrorism and is a signatory to the Convention for the Suppression of Terrorist Bombings.

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